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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 001590

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SUBJECT: PREMIER'S WORK REPORT: SICHUAN AND SHANGHAI

DELEGATIONS FOCUS ON PAROCHIAL INTERESTS

REF: A. BEIJING 1482

¶B. FBIS CPP20070305354006

Classified By: Political Section Internal Unit Chief Susan A. Thornton. Reasons 1.4 (b/d).

Summary

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11. (C) Provincial leaders alternatively stressed parochial interests and fealty to the center's objectives when discussing Premier Wen Jiabao's government work report on the margins of the National People's Congress (NPC) on March 7. Zhou Yongkang, former Sichuan Party Secretary and current Minister of Public Security, led the Sichuan delegation's meeting. In an engaging and often jovial fashion, he challenged speakers, chided local provincial staff and outlined his vision for Sichuan. By contrast, Acting Party Secretary Han Zheng appeared detached during the Shanghai delegation session. He slipped out the back door before the end of the session and apparently reappeared for a small group of Chinese reporters with ailing Politburo Standing Committee member Huang Ju, who was not present for the discussion. End Summary.

Locals Praise Report but Stress Parochial Interests

- 12. (C) On the margins of the National People's Congress (NPC), provincial delegations continue to hold discussions across Beijing to discuss Premier Wen's government work report (Ref A). Two meetings that were open to the press (and poloffs) included the Sichuan and Shanghai sessions, both held the morning of March 7 in the Great Hall of the People. Although all deputies at these meetings prefaced their remarks by professing "complete" agreement with the Premier's "correct" report, most then launched into detailed discussions of local conditions, using Wen's report to argue for increased attention, and funding, for their problems.
- ¶3. (C) In the Sichuan meeting, for example, deputies focused on the Premier's comments on education, the environment, health care and assistance for the rural poor, each calling for government measures to deal with these issues. One Sichuan deputy was particularly hopeful that the Premier's proposal to subsidize education majors' studies would addresses teacher shortages. At the Shanghai meeting, the focus again was entirely on local conditions, though there was a noticeable emphasis on the city's loyalty in implementing the center's wishes. One deputy explained how his factory operated in a "scientific, socially responsible and environmentally friendly" way; another discussed Shanghai's efforts to protect IPR and boost domestic demand; yet another explained local efforts to deal with social, rural and environmental problems.

14. (C) The emphasis on parochial interests was perhaps most evident when Zhou Yongkang, former Sichuan Party Secretary and now Minister of State Security and Politburo Member, wrapped up the Sichuan meeting with his own vision for the province. Despite Xinhua's account of Zhou's comments that went little beyond praise for Wen's speech (Ref B), poloff heard a different message. Zhou emphasized that rapid economic growth should be Sichuan's objective above all else. Only by accelerating economic growth can Sichuan catch up with wealthier coastal areas and narrow the gaps between rich and poor, rural and urban. Moreover, Zhou stressed that programs designed to help rural residents must be done in accordance with their wishes.

Zhou in Charge for Sichuan; Shanghai's Han Detached

15. (C) MPS Minister Zhou is "elected" to Sichuan's provincial delegation even though he no longer holds a provincial post, a local Sichuan staffer explained. (Note: All central leaders are slotted into various NPC delegations, usually in accordance with their previous provincial experience. End note.) Seated between new Party Secretary Du Qinglin and Governor Jiang Jufeng, who served as moderator, Zhou was clearly running the show and seemed to be enjoying himself. Zhou continually interrupted speakers, challenged their assertions and chided provincial staff over issues raised by delegates. For example, one delegate from a remote region of Sichuan complained about the inability to recruit qualified teachers. At first questioning her claims, Zhou then turned to scold provincial staff, suggesting they help attract teachers by raising salaries. Despite dominating the meeting, Zhou came across as being quite open, even

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jovial. He often made mistakes when referring to places or events in Sichuan, prompting those present to yell out corrections, which Zhou invariably shrugged off with a smile and a "whatever" shrug of his shoulders.

 ${ t \underline{1}}6$ . (C) The Shanghai meeting, in contrast, did not have a central leader present for most of the session, and although Shanghai Acting Party Secretary Han Zheng attended, he did not speak and seemed distracted. the foreign reporters present contrasted Han's behavior with his performance last year, when he conducted a lengthy, impromptu meeting with the press to conclude the session. This year, Shanghai People's Congress Standing Committee Chair Gong Xueping called the shots. Official news agency Xinhua nevertheless reported that Han had pledged to learn from the mistakes of the recent pension fund scandal and improve Shanghai's government services. Shortly before the end of the meeting, Han abruptly slipped out the back of the room, apparently to avoid reporters. According to Xinhua, ailing Politburo member Huang Ju also attended the meeting, but he was not there during the main session. Xinhua's photo of Huang was likely taken after he was ushered into the room by Han after the meeting's close, when the entire press contingent -- minus Shanghai and Xinhua reporters and photographers -- was unceremoniously kicked out of the room.

## Comment

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17. (C) While deputies appeared to feel comfortable in these open sessions discussing shortcomings and plans for addressing them, there was no criticism of local or central government implied in any of the statements. In the closed-door sessions held earlier, it is likely that the discussion was more direct and heated. However, in the end, we expect over 90 percent of deputies to vote to approve the work report, particularly since the promises it makes appear to be more generous even than in previous years.